

Morgan Hill Foreign Trade Zone #18

Information and Application

On behalf of the City of San Jose, grantee of Foreign Trade Zone #18, I am pleased to inform the City of Morgan Hill that the recent City Alternative Site Framework Foreign Trade Zone application to the U.S. Department of Commerce has been approved. We believe this new designation will benefit Morgan Hill businesses.

The city of Morgan Hill has been part of the service area of Foreign Trade Zone #18 since the San Jose Foreign Trade Zone was established in 1974, however, the new designation, will allow companies in the city to access the benefits of the Foreign Trade Zone through a streamlined application and expedited review by the federal government. Under the new FTZ designation, an application is generally approved by the federal government within 30-days or 120-days for an application requesting manufacturing authority.

Any industrial site in Morgan Hill is now eligible to be approved and activated as a Foreign Trade Zone. The Foreign Trade Zone designation does not impact the value of the property or state or local taxes.

The Foreign Trade Zone designation allows a company to delay, reduce or eliminate federal duty payments on merchandise imported in the U.S. The Foreign Trade Zone is territory in the U.S. but outside of U.S. Customs. As many products assembled contain components sourced worldwide, an activated Foreign Trade Zone can provide companies with significant cost savings and improve efficiencies due to streamlined U.S. Customs procedures. Companies engaged in manufacturing or distribution in particular can benefit from the Foreign Trade Zone. This federal economic development program enhances the global competitiveness of companies operating in the U.S.

As grantee of the Foreign Trade Zone, the City of San Jose technically is the applicant on behalf of the company. Thus, the City of San Jose would submit an application on behalf of a company in your city. The City of Morgan Hill, however, would be the lead in communicating with the business community about the benefits of the Foreign Trade Zone.

Attached is brief marketing material regarding the Foreign Trade Zone and a copy of the application companies would complete in seeking Foreign Trade Zone authority.

We believe that the newly designated Foreign Trade Zone will be an economic development stimulus for Morgan Hill and the region.

Please contact me if you have any questions or need additional information.

Sincerely,

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FOREIGN TRADE ZONE

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The Foreign Trade Zone program represents an important part of San Jose's trade and manufacturing infrastructure. The City can help companies designate their facility as a Foreign Trade Zone, or otherwise access a zone. The Foreign Trade Zone is a designated site within the U.S. where foreign merchandise is considered outside of U.S. Customs territory. Foreign merchandise can be brought into a Foreign Trade Zone without payment of federal import duties and with streamlined customs procedures. This enhances the competitiveness of businesses in San Jose by deferring, reducing, or eliminating duty payments on foreign merchandise entering the Zone.

Foreign duties eliminated

while merchandise is in a Foreign Trade Zone.

Foreign Trade Zone Program

Foreign merchandise can be brought into a Foreign Trade Zone without payment of federal import duties and with streamlined customs procedures.

Foreign Trade Zones can be used for storage, assembly, testing, processing, repackaging and manufacturing.

No duties are paid on foreign merchandise that are exported after entering a Foreign Trade Zone.

Program Process

A company contacts the City about its desire to use General-Purpose Zone, or to designate a portion of its existing building as a Foreign Trade Zone (called a Subzone).

For Subzones, a company submits an application to the City who remits it to the Foreign Trade Zone's Board for approval.

A company works with U.S. Customs and Border Protection to prepare a site for designation and activation.

Upon approval by the Foreign Trade Zone's Board and U.S. Customs and Border Protection, a company enters into a Use Agreement with the City and begins importing goods through its designated Foreign Trade Subzone.



Alternative Site Framework

**APPLICATION FOR SUBZONE OR USAGE-DRIVEN
DESIGNATION ("MINOR BOUNDARY MODIFICATION")****QUESTIONS**

1. Please mark the appropriate space below to indicate whether you are requesting "Subzone" or "Usage-Driven" designation for the proposed site(s):

_____ Subzone _____ Usage-Driven

2. List the address of the site(s), including the jurisdiction in which the site(s) falls (town, city, county).
3. Explain how the proposed site(s) is within the grantee's approved ASF service area.
4. State the proposed acreage of the site(s).
5. Indicate the company for which the site(s) will be designated.
6. Provide a summary of the company's planned activities.
7. Indicate the current zoning and the existing and planned buildings (including square footage) for the site(s). (Note: Sites (or areas within a site) with inappropriate zoning – such as agricultural, retail, or residential – are not eligible for FTZ status and should not be proposed in any MBM request.)
8. Confirm that FTZ designation or the use of FTZ procedures is not a requirement or a precondition for future activity or construction at the site(s).
9. List the owner(s). (If a site(s) is not owned by the grantee or the company planning to use the site(s) – as named in response to Question 5 above – then provide a "Right to Use" attachment with documentation demonstrating the right to use the site(s). Such evidence could be a signed letter from the proposed operator on its letterhead attesting to its right to use the property or a letter of concurrence from the owner of the proposed site(s).)

ATTACHMENTS

Attach the documents listed below (Items 10 and 11, plus Item 12 if applicable) directly behind the text of your request.

10. A clear and detailed site map showing existing and planned structures. The site boundaries must be outlined clearly in red. Note that if streets or similar landmarks are not legible on the site map, you will also need to provide a detailed street map with the proposed site's boundaries in red. Any map should be no larger than letter-sized (8 1/2" x 11") and clearly labeled, with legends provided for any markings.
11. Comments from U.S. Customs and Border Protection (CBP): The grantee generally should provide comments from CBP with the submitted request. Alternatively, the grantee may provide a copy of the request to CBP at the time the request is submitted to the FTZ Board, in which case the grantee should also communicate with CBP regarding the 20-day timeframe in the FTZ Board's regulations for CBP to provide comments to the FTZ Board.
12. If your state (such as TX, KY, AZ) has one or more taxes for which collections will be affected by the proposed FTZ designation of the new site(s), please attach all of the following:
 - A. An explanation of the specific local taxes that will be affected;
 - B. A stand-alone letter that:
 - Lists all of the affected parties;
 - Includes a statement below the list certifying that this is a complete list of all parties that would be affected by this particular request; and,
 - Is signed by an official of the grantee organization.
 - C. Correspondence from all of the affected parties (such as a local school board) indicating their concurrence (or non-objection) regarding the proposed FTZ designation.